

**DESOTO PARISH FIRE
PROTECTION DISTRICT NO. 5**
Stanley, Louisiana

FINANCIAL STATEMENTS
December 31, 2012

DESOTO PARISH FIRE PROTECTION DISTRICT NO.5

Stanley, Louisiana

FINANCIAL REPORT

As of and for the Year Ended December 31, 2012

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Independent Accountant's Review Report

Board of Commissioners
DeSoto Parish Fire Protection District No. 5
Stanley, Louisiana

I have reviewed the accompanying financial statements of the governmental activities and the major fund of DeSoto Parish Fire Protection District No. 5, a component of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2012, which collectively comprise the DeSoto Parish Fire Protection District No. 5's basic financial statements as listed in the table of contents.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Fire District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

The Fire District's management is responsible for the preparation and fair presentation of the financial statements in accordance with governmental accounting principles generally accepted in the United States of America set by the Governmental Accounting Standards Board and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

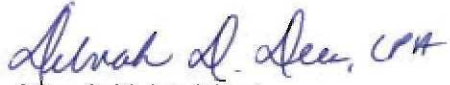
My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require me to perform procedures to obtain limited assurance that there are not material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements of the DeSoto Parish Fire Protection District No. 5 for the year ended December 31, 2012, in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis and budgetary comparison information, on pages 5 through 8, and 29 are presented only for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information included in the budgetary comparison has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I am not aware of any material modifications that should be made thereto. The information included in the management discussion and analysis has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of

management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the management's discussion and analysis.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated June 27, 2013, on the results of our agreed-upon procedures on pages 32 through 34. Also presented as requires is the Louisiana Attestation Questionnaire.

A handwritten signature in blue ink, reading "Adam D. Allen, CPA". The signature is fluid and cursive, with the initials "AD" being prominent at the start.

Mansfield, Louisiana
June 27, 2013

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

December 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the DeSoto Parish Fire Protection District No. 5 (Fire District), we offer the readers of our annual financial report our discussion and analysis of the Fire District's financial performance during the year that ended on December 31, 2012. Please read it in conjunction with the Fire District's financial statements, which follow this section.

The Fire District was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by the DeSoto Parish Fire Protection District No. 5.

FINANCIAL HIGHLIGHTS

The DeSoto Parish Fire Protection District No. 5's experienced an increased in its total net position of \$233,857 or 16.39% during the year. At December 31, 2012, the assets of the Fire District exceeded its liabilities by \$1,660,576.

DeSoto Parish Fire Protection District No. 5's total revenues only increased \$660 or 0.15% to \$443,161 in 2012

Ad valorem tax revenue (property taxes) decreased \$4,864 (1.13%) to \$424,643 during the year reported compared to an increase of \$115,762 (36.9%) in 2011.

DeSoto Parish Fire Protection District No. 5's governmental fund balance increased \$246,460 or 37.1%

OVERVIEW OF FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the basic financial statements which include government-wide financial statements and fund financial statements. These two types of financial statements present the Fire District's financial position and results of operations from differing perspectives, which are described as follows:

Government-Wide Financial Statement

The government-wide financial statements report information about the Fire District as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Fire District's assets and all of its liabilities. All of the Fire District's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by property taxes and intergovernmental revenues that include fire insurance rebates, state revenue sharing and grants.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Fire District's most significant activities and are not intended to provide information for the Fire District as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Fire District's funds are limited to its general fund, which is classified as a Governmental Fund. This fund is used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Fire District's finances.

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Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Fire District adopts an annual budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budgetary compliance.

FINANCIAL ANALYSIS OF THE FIRE DISTRICT AS A WHOLE

The comparison of net position from year to year serves to measure a government's financial position. As of December 31, 2012, the Fire District's assets exceed its liabilities by \$1,660,576 (net position). Approximately 43% of the Fire District's net position reflect its investment in capital assets (firefighting equipment, fire trucks, buildings and improvements); less any related debt used to acquire those assets that is still outstanding (the Fire District has no related debt). These net assets are not available for future spending.

Unrestricted net position of \$947,796 or 57% of total net position as of December 31, 2012, may be used to meet the ongoing obligations to the citizens of DeSoto Parish Fire Protection District No. 5.

Accounts receivables consists of 86% ad valorem taxes (\$428,203) and 13% for a misappropriation of funds (\$66,006) and 1% (\$1,265) state revenue sharing.

A Summary of Statement of Net Position is as follows:

	Governmental Activities	
	2012	2011
ASSETS		
Cash and cash equivalents	\$ 431,592	\$ 221,670
Accounts receivable	495,474	495,033
Prepaid insurance	21,808	19,648
Capital assets, net of accumulated depreciation	712,780	697,013
Total assets	\$ 1,661,654	\$ 1,433,364
LIABILITIES		
Current liabilities	\$ 1,078	\$ 6,645
Total liabilities	\$ 1,078	\$ 6,645
NET POSITION		
Net investment in capital assets	\$ 712,780	\$ 697,013
Unrestricted	947,796	729,706
Total net position	\$ 1,660,576	\$ 1,426,719

At December 31, 2012, \$712,780 or 42.92% of the Fire District's net position reflects capital assets with a historical cost of \$1,733,689 less accumulated depreciation of \$1,020,909.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

December 31, 2012

The Summary of Statement of Activities that follows compares revenues and expenses for the current and previous year. Total revenues increased by 0.15 percent from last year. 95.82% of the Fire District's total revenues come from property taxes (ad valorem taxes) and 2.4 percent from other state sources. Total expenses decreased approximately 12.55 percent (\$30,050) over the prior year.

Ad valorem tax revenue for the Fire District decreased by \$660, or 0.15%, reflecting little to no change in the property tax revenue.

Expenses of the Fire District without depreciation decreased \$29,363 (19.44%) over 2011. Depreciation expense made up 41.85% of total expenses for December 31, 2012 compared to 36.89% of total expenses in 2011.

The Fire District increased their net position 19% for year ended December 31, 2012.

A Summary of Statement of Activities is as follows:

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Program Revenues:		
Grants/Contributions	\$ 5,108	\$ 50
General Revenues:		
Ad Valorem Taxes	424,643	429,507
Intergovernmental revenues	10,738	11,030
Other income	531	-
Interest income	2,141	1,914
Total revenues	<u>443,161</u>	<u>442,501</u>
Expenses		
Public Safety	<u>209,304</u>	<u>239,354</u>
Total expenses	<u>209,304</u>	<u>239,354</u>
Increases in net position	<u>233,857</u>	<u>203,147</u>
Net Position, beginning	1,426,719	1,223,572

FINANCIAL ANALYSIS OF THE FIRE DISTRICT'S GOVERNMENT FUNDS

For the year ended December 31, 2012, differences between the government-wide presentation and the fund financial statements were due to acquisition of capital outlays, depreciation changes associated with capital assets, prepaid insurance, and deferred property tax revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Fire District adopted a budget for its General Fund for the year ended December 31, 2012. The budget was not amended during the year at commission's meetings. Total actual revenues exceeded budgeted revenues by more than 15%. Total actual expenditures were \$187,020 less than the final amended budget.

DEBT ADMINISTRATION

The DeSoto Parish Fire Protection District No. 5 does not currently carry any debt on assets.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

December 31, 2012

CAPITAL ASSETS

The Fire District capital asset acquisitions consist of completed construction on the Hunter Station building that was in progress for 2011 (\$90,320) for a total cost of \$188,223, a new ice machine, and duplexer. The Fire District wrote off \$51,714 of scrapped, obsolete equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary revenue source for the Fire District is property taxes. This tax is not subject to changes in the economy, in the short-term. However, in the long-term, the ability to sustain this income could affect the Fire District's revenue. The budget for year 2013 includes the building of a new fire station for the Lula community..

CONTACTING THE FIRE DISTRICT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the finances for those funds maintained by the DeSoto Parish Fire Protection District No. 5 and to show the Fire District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ron Conleay, Secretary/Treasurer, at P. O. Box 1089, Logansport, Louisiana, 71049.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana

STATEMENT OF NET POSITION
December 31, 2012

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 431,592
Accounts receivable	495,474
Prepaid expenses	21,808
Capital assets, net of depreciation	<u>712,780</u>
TOTAL ASSETS	\$ <u>1,661,654</u>
LIABILITIES	
Current Liabilities:	
Payroll liabilities	\$ <u>1,078</u>
Total current liabilities	<u>1,078</u>
TOTAL LIABILITIES	\$ <u>1,078</u>
NET POSITION	
Net investment in capital assets	\$ 712,780
Unrestricted	<u>947,796</u>
TOTAL NET POSITION	\$ <u><u>1,660,576</u></u>

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Function/Program	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Public safety-fire	\$ 209,304	\$ -	\$ -	\$ 5,108	\$ (204,196)
Total Governmental Activities	\$ <u>209,304</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,108</u>	\$ <u>(204,196)</u>
General Revenues:					
Ad valorem taxes					424,643
State revenue sharing					4,345
Interest earnings					2,141
Fire insurance rebate					6,393
Other income					531
Total General Revenues					<u>438,053</u>
Change in Net Position					233,857
Net Position Beginning					<u>1,426,719</u>
Net Position Ending					<u>\$ 1,660,576</u>

FUND FINANCIAL STATEMENTS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana

BALANCE SHEET, GOVERNMENTAL FUNDS
December 31, 2012

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 431,592
Accounts receivable	<u>495,474</u>
TOTAL ASSETS	\$ <u><u>927,066</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Payroll liabilities	\$ <u>1,078</u>
Total Liabilities	<u>1,078</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable ad valorem taxes	<u>16,789</u>
Total Deferred Inflows of Resources	<u>16,789</u>
FUND BALANCES	
Unassigned	<u>909,199</u>
Total Fund Balances	<u>909,199</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ <u><u>927,066</u></u>

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2012

Total Net Position reported for Governmental Activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds, Statement C	\$ 909,199
Capital Assets used in governmental activities are not current financial resources and therefore, are not reported in the government funds	712,780
Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current fiscal year	21,808
Unavailable revenues are reported in the governmental funds but not in the Statement of Net Position	16,789
Net Position of Governmental Activities, Statement A	\$ <u><u>1,660,576</u></u>

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 455,173
Intergovernmental revenue- state funds	
Fire insurance rebate	6,393
State revenue sharing	4,345
Forestry grant	5,108
Other revenues	531
Interest income	2,141
Total Revenues	<u>473,691</u>
Expenditures	
Current:	
Public safety-fire	
Personal and related benefits	14,038
Materials and supplies	55,713
General and administrative	54,112
Capital outlays	<u>103,368</u>
Total Expenditures	<u>227,231</u>
 Net Change in Fund Balance	 246,460
 Fund balance, beginning of year	 <u>662,739</u>
 Fund balance, end of year	 \$ <u><u>909,199</u></u>

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended December 31, 2012

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Governmental Funds, Statement E	\$ 246,460
Governmental funds report expenses that involve payments with current financial resources, such as insurance, in the year in which it is paid. In the Statement of Activities, payments that are attributable to current periods are recognized.	2,160
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Capital outlays (\$103,368) more than depreciation expense (\$87,601)	15,767
Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds.	
Change in unavailable ad valorem taxes	(30,530)
Change in Net Assets of Governmental Activities, Statement B	\$ <u>233,857</u>

NOTES TO THE FINANCIAL STATEMENTS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2012

INTRODUCTION

DeSoto Parish Fire Protection District No. 5 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 on April 16, 1988. The Fire District is governed by a five-member board appointed in accordance to LRS 40:1496 as follows: two members by the Police Jury, two members by the Village of Stanley, and one by the other four members. Board members serve without compensation. There is one part-time administrative employee and a part-time fire chief paid. The Fire District is responsible for maintaining and operating fire stations and equipment and providing fire protection to approximately 1,680 residents living within the 113.5 square miles of the Fire District. The Fire District maintains and operates four stations within its boundaries.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the DeSoto Parish Fire Protection District No. 5 have been prepared in conformity with governmental accounting principles generally accepted (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components; assets, deferred outflows of resources, liabilities and deferred inflows of resources. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 63 does not have any impact on the Fire District's financial statements, other than to change the name of the Statement of Net Assets to the Statement of Net Position.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 properly classifies and recognizes certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 although the Jury elected to early implement statement 65 in calendar year 2012. The adoption of GASB 65 added deferred inflows of resources to the governmental fund balance sheet.

The significant accounting policies established in GAAP and used by the DeSoto Parish Fire Protection District No. 5 are discussed below.

A. REPORTING ENTITY

The accompanying financial statements present the Fire District's funds and activities. As required by GAAP, these financial statements present the Fire District as a component unit of the DeSoto Parish Police Jury. Based on the criteria listed below, the Police Jury is considered a primary government.

A primary government is financially accountable for an organization if (a) it appoints a voting majority of the organization's governing board; (b) it is able to impose its will on the organization; or (c) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Based upon these criteria, the Fire District is considered to be a component unit of the DeSoto Parish Police Jury and is disclosed in the Police Jury statements.

There are no component units included in the accompanying statements.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

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NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION

The DeSoto Parish Fire Protection District No. 5's basic financial statements consists of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Fire District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Fire District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. These funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The minimum number of funds is maintained consistent with legal and managerial requirements.

A fund is considered major if it is the primary operating fund of the entity. The only and major fund of the Fire District is classified as a governmental fund and is described below:

General Fund. The General Fund, as provided by Louisiana Revised Statute 47:1906 is the primary operating fund of the Fire District and is used to account for the operations of the Fire District. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Fire District's policy.

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NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues, expenditures, expenses, transfers of assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are recognized in the accounts and reported in the financial statements.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their statement of revenues, expenditures, and changes in fund balance reports sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. This approach is then reconciled, through adjustment, to a government-wide view of the operations.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. The governmental funds use the following practices in recording revenues and expenditures:

Revenues. Ad valorem taxes are recorded in the year in which the taxes are assessed. State revenue sharing is recorded in the year the Fire District is entitled to the funds. Intergovernmental revenues and grants are recognized when received. Interest income on deposits are recorded monthly when the interest is earned and credited to the account.

Expenditures. Salaries are recorded when employee services are paid. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized when the related liability is incurred.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

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NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND EQUITY

Cash and interest-bearing deposits

Cash includes amounts in demand accounts, interest-bearing demand deposits, and certificates of deposits with 90-day or less maturity term at time of purchase. Under state law, the Fire District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Fire District may invest in United States bonds, treasury notes and bill, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national bank having principal offices in Louisiana.

Prepaid Expenses

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid expenses in the Statement of Net Position.

Accounts Receivable

Major receivables for the governmental activities include ad valorem taxes, state revenue sharing revenues, and monies misappropriated by an employee. Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fire District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20 years
Firefighting equipment	5-15 years
Fire trucks	15 years

Compensated Absences

The Fire District does not provide for the accumulation and vesting of leave.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

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NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications

Net Position

The Fire District classifies net position in the government-wide financial statements, as follows:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Fire District's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Fire District.

Fund Balances

In accordance with GASB 54, the Fire District classifies fund balances in governmental funds as follows:

- Nonspendable- Amounts that are not in spendable form (such as prepaid expenses) because they are legally or contractually required to be maintained intact.
- Restricted- Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government).
- Committed- Amounts constrained by the Fire District itself. To be reported as committed, amounts cannot be used for any other purpose unless the Fire District takes the action to remove or change the constraint.
- Assigned- Amounts the Fire District intends to use for a specific purpose.
- Unassigned- All amounts not included in other spendable.

The Fire District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The General Fund, the Fire District's only governmental fund, has an unassigned fund balance of \$909,199.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2012

2. CASH AND INTEREST-BEARING DEPOSITS

At December 31, 2012, the Fire District has cash and cash equivalents totaling \$431,592 (book balance).

The cash of the DeSoto Parish Fire Protection District No. 5 is subject to the following risks:

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fire District that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Fire District's name.

At December 31, 2012, the Fire District has \$438,434 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$408,932 of pledged securities.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of the certificate of deposit. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Fire District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Fire District's deposits are in interest bearing and non-interest bearing checking and savings accounts and a short-term certificate of deposit which limits exposure to fair value losses.

3. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivables at December 31, 2012:

Ad valorem taxes	\$	428,203
State revenue sharing		1,265
Missappropriated funds		66,006
	\$	<u>495,474</u>

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5**Stanley, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2012

4. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2012 are as follows:

<u>Governmental Activities</u>	Balance December 31, 2011	Additions	Deletions	Balance December 31, 2012
Vehicles	\$ 1,134,018	\$ -	\$ 13,300	\$ 1,120,718
Buildings	87,835	188,223	5,685	270,373
Firefighting Equipment	369,862	5,465	32,729	342,598
Construction in Progress	90,320	(90,320)	-	-
Total	1,682,035	103,368	51,714	1,733,689
Less accumulated depreciation				
Vehicles	525,985	70,175	13,300	582,860
Buildings	59,786	4,733	5,685	58,834
Firefighting Equipment	399,251	12,693	32,729	379,215
Total	985,022	87,601	51,714	1,020,909
Capital assets, net	\$ 697,013	\$ 15,767	\$ -	\$ 712,780

Depreciation expense of \$87,601 was charged to the public safety function. The Fire District wrote off \$51,714 of obsolete, scrapped capital assets.

5. LEVIED TAXES

The Fire District levies taxes on real and business property located within the boundaries of the Fire District. Property taxes are levied by the Fire District on property values assessed by the DeSoto Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The DeSoto Parish Sheriff's offices bills and collects property taxes for the Fire District. Collections are remitted to the Fire District monthly. The Fire District recognizes property tax revenues when levied.

The property tax calendar is as follows:

Assessment date	January 1, 2012
Levy date	June 30, 2012
Tax bills mailed	October 15, 2012
Total taxes are due	December 31, 2012
Penalties & interest added	January 31, 2013
Tax sale	May 15, 2013

The Fire District has authorized a 10.0 ad valorem tax millage for 2012. Ad valorem taxes are recorded in the year the taxes are assessed. The taxes are normally collected in December of the current year and January and February of the ensuing year. Total assessed value in the Fire District was \$42,465,105 in 2012. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$2,660,258 in 2012. Total of ad valorem tax revenues recognized in 2012 by the Fire District was \$424,643.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5**Stanley, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2012

5. LEVIED TAXES (continued)

The following are the principal taxpayers for the Fire District (2012 amounts):

	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION	AD VALOREM TAX REVENUE FOR FIRE DISTRICT
Chesapeake Operating, Inc.	Oil & Gas	7,560,534	17.80%	75,604
Enterprise Gathering LLC	Oil & Gas	5,290,601	12.46%	52,905
Centerpoint Energy	Utility	4,326,750	10.19%	43,267
Comstock Oil & Gas	Oil & Gas	3,778,474	8.90%	37,784
Wildhorse Resources	Oil & Gas	2,579,216	6.07%	25,792
Louisiana Midstream	Oil & Gas	1,435,892	3.38%	14,359
Bengas Midstream	Oil & Gas	1,405,434	3.31%	14,054
Southwestern Electric	Utility	1,185,788	2.79%	11,858
Northeast Texas Electric	Utility	1,111,436	2.62%	11,114
SM Energy Company	Oil & Gas	957,574	2.25%	9,576
Total		<u>22,071,165</u>	<u>51.97%</u>	<u>220,707</u>

6. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fire District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in the category. Accordingly, the item, unavailable ad valorem revenue, is reported only in the governmental funds balance sheet.

7. RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of asset and errors and omissions. To handle some of the risk, the Fire District maintains surety bond coverage. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2012.

8. LITIGATION

There is no litigation pending against the Fire District, at December 31, 2012, nor is it aware of any unasserted claims.

9. RELATED PARTY TRANSACTIONS

FASB 57 requires the disclosure of the description of the relationship, the transactions, the dollar amount of the transactions, and any amounts due to or from that result from related party transactions. There were no related party transactions.

10. LEASE AGREEMENT

The Fire District entered into an operating lease with the DeSoto Parish School Board in May of 1989 for the land on which one of the stations is located. The lease term was 98 years and the amount of the lease was one dollar, which was paid at the inception of the lease. This lease was renegotiated and a new lease option was approved in August, 2010. Rent expense for the year was \$1.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2012

11. COMPENSATION PAID TO BOARD MEMBERS

The members of the Board of Commissioners of the Fire District receive no compensation for their services.

12. RETIREMENT COMMITMENTS

The Fire District has two employees who are members of the Federal Social Security System. The Fire District and its employees contribute a percentage of the employees' salary to the System. The Fire District's contribution was \$673 for the year ended December 31, 2012.

13. MISSAPPROPRIATION OF FUNDS

A misappropriation of funds by an employee was discovered July, 2012, during the review of the financial statements ending December 31, 2011. As of the date of the financial statements, restitution and/or bonding reimbursement amounts had not been determined.

14. SUBSEQUENT EVENTS

Management has performed an evaluation of the Fire District's activities through June 27, 2013, and has concluded that there are no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem taxes	\$ 386,643	\$ 386,643	\$ 455,173	\$ 68,530
Intergovernmental revenue- state funds				
Fire insurance rebate	6,400	6,400	6,393	(7)
State revenue sharing	3,000	3,000	4,345	1,345
Contributions	5,200	5,200	5,108	(92)
Other revenues	1,000	1,000	531	(469)
Interest income	1,500	1,500	2,141	641
Total Revenues	<u>403,743</u>	<u>403,743</u>	<u>473,691</u>	<u>69,948</u>
Expenditures				
Current:				
Public safety-fire				
Personal and related benefits	11,500	11,500	14,038	(2,538)
Materials and supplies	79,200	79,200	55,713	23,487
General and administrative	43,551	43,551	54,112	(10,561)
Capital outlays	<u>280,000</u>	<u>280,000</u>	<u>103,368</u>	<u>176,632</u>
Total Expenditures	<u>414,251</u>	<u>414,251</u>	<u>227,231</u>	<u>187,020</u>
 Net Change in Fund Balance	 (10,508)	 (10,508)	 246,460	 256,968
 Fund balances, beginning of year	 <u>662,739</u>	 <u>662,739</u>	 <u>662,739</u>	 <u>-</u>
Fund balances, end of year	<u>\$ 652,231</u>	<u>\$ 652,231</u>	<u>\$ 909,199</u>	<u>\$ 256,968</u>

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana
NOTES TO BUDGETARY COMPARISON SCHEDULE
December 31, 2012

Budgetary Information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for most governmental funds are adopted annually on the cash basis of accounting. The budget comparison schedules present the original adopted budget and the final amended budget. The Fire District amended their budget once during the year.

The Fire District is required by state law to adopt an annual budget. A proposed budget is prepared by the governing board in November and made available for public inspection no later than 15 days prior to December 31, of each year. In open meeting prior to December 31, the budget is adopted and becomes part of the official minutes of the Fire District. The budget was approved January 16, 2012.

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The budget was not amended during the year ending December 31, 2012. For the year ended December 31, 2012, actual revenues exceeded budgeted amounts by \$69,948 and expenditures were less than appropriations in the General Fund by \$187,020.

The Fire District is not in compliance with the Local Government Budget Act R.S. 39:1301-1316 and the budget requirements of R.S. 39-1331-1342, The Fire District failed to approve the original budget by December 31 of the prior year.

OTHER REPORTS REQUIRED BY LOUISIANA GOVERNMENTAL
AUDIT GUIDE

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners
DeSoto Parish Fire Protection District No. 5
Stanley, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of the DeSoto Parish Fire Protection District No. 5 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about DeSoto Parish Fire Protection District No. 5's compliance with certain laws and regulations during the year ended December 31, 2012, included in the accompanying *Louisiana Attestation Questionnaire*. Management of DeSoto Parish Fire Protection District No. 5 is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

No expenditures were made during the year for materials and supplies exceeding \$30,000. The one public works project exceeding \$150,000 was in accordance with the public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management (agreed-upon procedure No. 3) appeared on the list provided by management in agreed-upon procedure No. 2.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget.

6. Trace the budget adoption and amendments to the minute book.

The Board adopted the original budget on January 16, 2012. It was not amended. The Fire District is in violation of R.S. 39:1309.

Management's response. We will be more diligent about adopting our budget at an open meeting before the end of the prior fiscal year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more and if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenue and expenditures. Budgeted revenues for the year did not exceed actual amounts by more than 5%. Total actual expenditures did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account;

All payments were properly coded to the correct general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting the selected disbursements indicated approvals from a board member.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by RS 42:4.1 through 42:13 (the open meeting law).

The DeSoto Parish Fire Protection District No. 5 is only required to post a notice of each meeting and the accompanying agenda on the door of the Fire District's office building. Management notes during the Board meeting when the agendas are posted and by whom. There is then a vote to accept the agenda as posted at the beginning of each meeting.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected all deposits for the period under examination and found no indication of new bank loans, bonds, or like indebtedness in 2012.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

In my review of the cash disbursements and payroll records for the year, I noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Other Matters, Concerns, Suggestions, Recommendations, and/ or Comments

12. Discuss any other matters, concerns, suggestions, recommendations and/ or comments determined during the performance of attestation procedures.

Misappropriation. This is a carry forward finding from 2011. In the course of the 2011 review, a misappropriation of public funds was discovered. Unauthorized checks were written by the bookkeeper payable to the bookkeeper during 2011 and until discovered in July of 2012.

Management's response. When discovered the President and Treasurer of the Commissioners informed the Legislative Auditor in writing and took the evidence to the 42nd Judicial District Attorney and the DeSoto Parish Sheriff.

We now have the following controls in place to deter this from happening again.

1. Bank statements are sent directly to an independent board member (one with no signatory authority) for review before giving to bookkeeper for reconciliation.
2. Checks now require two board member signatures.

Prior-Year Comments and Recommendations

13. Review any prior-year suggestions, recommendations, and or comments to determine the extent to which such matters have been resolved

Payroll compliance. Unresolved. During 2012, the Fire District had individuals paid over \$600 to perform services, and the Form 1099s filed at year end to the Internal Revenue Service were not completed.

Management's response. The 1099s will be filed as required. The new bookkeeper was unfamiliar with the requirements.

Misappropriation. Resolved. See Other Matters, Concerns, Suggestions, Recommendations, and/or Comments.

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the DeSoto Parish Fire Protection District No. 5 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in blue ink that reads "Deborah D. Dees, CPA". The signature is written in a cursive, flowing style.

Deborah D. Dees, CPA
Mansfield, Louisiana
June 27, 2013

LOUISIANA ATTESTATION QUESTIONNAIRE

April 17, 2013

Deborah D. Dees, CPA
122 Jefferson Street
Mansfield, LA 71052

In connection with your review of our financial statements as of December 31, 2012 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of April 17, 2013.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

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Meetings

We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:1 through 42:13.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Ronald E. Conley Sec/Treas April 17, 2013 Date

Colore J. Murray President April 17, 2013 Date